

The complaint

Mrs D is represented by a Claims Management Company (CMC). The CMC say Phoenix Life Limited (PL) provided Mrs D with unsuitable advice.

What happened

In 1991, Mrs D agreed to invest monthly into a 15-year WealthMaster Savings Plan following advice she took from PL.

In 2004, PL reviewed the advice given and whilst they generally deemed the plan to be a suitable investment, they felt a shorter term of ten years, would've been more suitable for Mrs D taking into consideration her circumstances at the time.

To put things right, PL paid Mrs D the maturity value of the plan as of 17 March 2001, its ten-year anniversary, plus refunded any premiums she'd paid into the plan after that. PL also paid interest on the redress paid to Mrs D.

In 2021, the CMC complained to PL saying Mrs D wasn't interested in life cover yet had been sold a plan that included it, and that no alternatives were discussed at the time of the sale.

The CMC also said due to the ineligibility of the paperwork its difficult to justify the sale of a unit linked plan to Mrs D who had very limited financial experience, and that the plan sold didn't match her attitude to risk.

PL referred to their review of Mrs D's policy in 2004 and said no further review would be conducted. Unhappy with PL's response, the CMC referred Mrs D's complaint to The Financial Ombudsman Service.

One of our Investigators looked into things and said whilst the original savings plan was likely mis-sold, the action taken by PL in 2004 put things right and the compensation paid fairly compensated Mrs D for the original advise.

During his investigation, PL confirmed to our Investigator they would be happy to refund the total cost of the life cover element of Mrs D's plan for the 10 years it was in place, £27.40, plus interest. Because the CMC said Mrs D hadn't wanted life cover, our Investigator said PL should refund this.

The CMC disagreed with our investigator's opinion so the complaint has been passed to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, whilst I'm upholding this complaint for the reasons I'll explain below, I understand it isn't the outcome Mrs D.

When providing advice, a business must look at the consumer's personal and financial circumstances and provide appropriate recommendations based on this information.

In the specific circumstances of this case, due to the time passed, the documentation from the time of the advice is largely ineligible. Taking into consideration that the plan was taken out in 1991, and that it's been some 18 years since the plan closed and the 10-year maturity value was paid, it's understandable why this may be the case.

Because of this, I've had to look at what information is available to me and take a balanced approach as to what I think is most likely to have happened at the time.

Whilst largely ineligible, it is clear in the Personal Financial Analysis document from 1991 that Mrs D's objective was to save for her then new-born son. A WealthMaster Savings Plan set up for a 15-year term was recommended.

I don't have a record of Mrs D's attitude to risk at the time but considering her recorded objective and the relatively modest monthly investment committed to, I don't consider the savings plan recommended to have been unsuitable for her needs.

PL, when reviewing the policy in 2004, acknowledged a plan set up over a shorter term may have been more appropriate.

I can understand why they may have concluded this. It's not disputed Mrs D wanted to save for her son but committing to invest for a longer period of time, comes with its own risks.

By calculating the maturity value in 2004 as if the plan had matured three years earlier, it put Mrs D in a better position financially than she'd have been in had the plan run for its original full term. So, by recognising a short term may have been more suited and then paying Mrs D the higher maturity value, I think PL have acted fairly and reasonably by taking the action they have.

The CMC also say Mrs D wasn't interested in life cover at the time. PL have agreed to refund her the full cost of life cover over the revised 10-year term of the plan and pay interest up to the date of settlement.

I consider this resolution to resolve the complaint point concerning life cover so I'm not going to comment on this further.

To summarise, I'm satisfied PL did complete a fact find to look at Mrs D's circumstances at the time, and taking into consideration the evidence available to me in this case, I'm satisfied the saving plan recommended, term aside, was suitable and could meet her requirements.

PL acknowledged a shorter term may have been better suited. And they've paid the maturity value Mrs D would've received had a 10-year plan have been recommended instead.

PL have offered to refund the life cover element of the plan plus interest. I'm satisfied that by doing this, combined with the action taken in 2004, PL have provided a fair and reasonable resolution to this complaint and I don't think they need to do any more.

Putting things right

To resolve Mrs D's complaint PL should refund her the cost of the life cover taken from each premium over the ten-year period of the investment. To this amount they should add 8% simple interest from the date it was paid to the date of settlement.

If PL considers that they're required by HM Revenue & Customs to take off income tax from any interest due to Mrs D, they should tell her how much they've taken off. They should also give Mrs D a certificate showing this if they ask for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

I uphold this complaint and require Phoenix Life Limited to put things right by doing what I've

set out above – in line with their offer.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 28 October 2022.

Sean Pyke-Milne
Ombudsman